

# Auditing Procedures Report V1.04

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Issued under Public Act 2 of 1968, as amended.

Unit Name Hope Township	County BARRY	Type TOWNSHIP	MuniCode 08-1-070
Opinion Date-Use Calendar May 29, 2008	Audit Submitted-Use Calendar Aug 12, 2008	Fiscal Year-Use Drop List	2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/>	18. Are there reported deficiencies?
<input checked="" type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 382,465.00
General Fund Expenditure:	\$ 341,138.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 190,275.00
Governmental Activities Long-Term Debt (see instructions):	\$ 2,972,822.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

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**HOPE TOWNSHIP**  
**FINANCIAL STATEMENTS**  
For the year ended March 31, 2008

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**WALKER, FLUKE & SHELDON, PLC**  
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**INDEPENDENT AUDITORS' REPORT**

To the Township Board  
Hope Township  
Barry County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hope Township, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township's financial statements as listed in the table of contents. These financial statements are the responsibility of Hope Township, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund and the aggregate remaining fund information of Hope Township, Michigan, as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management discussion and analysis and required supplementary information list in the table of contents are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Hope Township's basic financial statements. The additional supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Hope Township, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Hastings, Michigan  
May 29, 2008

*Walker, Fluke & Sheldon, PLC*

## **Hope Township Management Discussion and Analysis**

As the Township Board of Hope Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of Hope Township for the fiscal years ended March 31, 2008 and 2007. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Township. We encourage readers to consider this information in conjunction with the letter of transmittal, which begins on page 1, and the financial statements, which begin on page 7.

### **Financial Highlights**

- The assets of Hope Township exceeded its liabilities at the close of the most recent fiscal year by \$1,984,907 (net assets) compared to \$2,151,335 last year. Of this amount, \$532,904 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$166,428 compared to an increase of \$265,953 last year.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,455,693; a decrease of \$139,813 compared to an ending fund balance of \$1,595,505 an increase of \$303,679 from the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$190,275, or 55.77% of total general fund expenditures. Last year the unreserved fund balance for the general fund was \$153,170 or 42.72% of total general fund expenditures. This demonstrates the Township's fiscal discipline and places the Township in a strong financial position to meet unexpected emergencies, uncertainties at the State level or the general slowdown of the economy.

### **Overview of the Financial Statements**

Hope Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The statement of activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., state shared revenue).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, highways and streets, recreation and cultural and health and welfare.

The government-wide financial statements can be found on pages 7-8 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Hope Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: government funds and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Hope Township maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Road Fund, Fire Fund, Cemetery Fund, Wall Lake Sewer Fund, Capital Projects, Wall Lake Weed Control 2 and Cloverdale-Long Lake Sewer Fund, which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 9-13 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Township's own programs.

The fiduciary fund financial statements can be found on pages 14-15 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 16-25 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The Township adopts an annual budget for its general fund, road fund, fire fund, cemetery fund, building inspection fund, budget stabilization fund and capital projects fund. Within the required supplementary information, a budget comparison statement has been provided for the general, road, fire and cemetery funds to demonstrate compliance with the budget.

Required supplementary information can be found on pages 26-30 of this report.

Individual fund statements and combining statements are presented immediately following the required supplementary information on budgets on pages 31-40.

#### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Hope Township, assets exceeded liabilities by \$1,984,907 at the close of the most recent fiscal year.

A portion of the Township's net assets (26.85 percent) reflects its unrestricted net assets (\$532,904), which may be used to meet the government's ongoing obligations to citizens and creditors. An additional portion of the Township's net assets (60.78 percent) reflects restricted net assets (\$1,206,440), which are resources that are subject to external restrictions on how they may be used. The remaining portion of the Township's net assets (12.37 percent) reflects its investment in capital assets (e.g. land, buildings, equipment and furniture and fixtures) (\$245,563). The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

### Hope Township's Condensed Financial Data

	<b>Governmental Activities</b>	
	<b>2008</b>	<b>2007</b>
Current and Other Assets	\$ 4,712,488	\$ 5,327,771
Capital Assets	245,563	242,795
Total Assets	<u>4,958,051</u>	<u>5,570,566</u>
Short-Term Liabilities	200,852	71,842
Long-Term Liabilities	2,772,292	3,347,389
Total Liabilities	<u>2,973,144</u>	<u>3,419,231</u>
Net Assets:		
Invested in Capital Assets, Net of related debt	245,563	242,795
Restricted	1,206,440	1,379,957
Unrestricted	532,904	528,583
Total Net Assets	<u>\$ 1,984,907</u>	<u>\$ 2,151,335</u>
Program Revenues		
Charges for Services	\$ 110,870	\$ 113,465
Capital Grants and Contributions	3,378,999	85,497
General Revenues		
Property Taxes	289,973	271,118
Licenses and Permits	2,100	3,552
State Grants	228,326	230,525
Interest and Rents	123,604	66,413
Other Revenue	41,739	13,178
Gain (Loss) from Disposal of Fixed Assets	(6,243)	517
Increase in Equity Interest in Joint Venture	-	82,677
Total Revenues	<u>4,169,368</u>	<u>866,942</u>
Program Expenses		
Governmental Activities:		
Legislative	18,240	18,220
General Government	232,351	235,829
Public Safety	90,102	106,040
Public Works	142,820	133,189
Health and Welfare	3,000	3,000
Recreational and Cultural	41,207	37,672
Other	3,689,228	55,801
Interest and Fiscal Charges	118,848	11,238
Total Expenses	<u>4,335,796</u>	<u>600,989</u>
Change in Net Assets	<u>\$ (166,428)</u>	<u>\$ 265,953</u>

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

**Governmental activities.** Governmental activities decreased the Township's net assets by \$166,428 mainly due to the Cloverdale-Long Lake Sewer project.

For the most part, expenses decreased compared with the prior year. Fire contract services and special assessment expenses were down considerably from the prior year contributing to the large unrestricted net asset increase for the current year.

### **Financial Analysis of the Township's Funds**

As noted earlier, the Township used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a Township's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,455,693, a decrease of \$139,813 in comparison with the prior year. Last year, the Township's governmental funds combined ending fund balance was \$1,595,506, which was an increase of \$303,679 in comparison with the prior year.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$190,275. Unreserved fund balance represents 55.77% of the total current year general fund expenditures.

The fund balance of the Township's general fund increased by \$37,105 during the current fiscal year, partially due to decreases in general attorney costs and a substantial decrease in planning and zoning costs, as well as an increase in property tax revenues.

### **General Fund Budgetary Highlights**

The amended revenue budget did not change in total from the original budget. There were only small amendments between activities on the expenditure side.

### **Capital Assets**

The Township's investment in capital assets for its governmental activities as of March 31, 2008, amounts to \$245,563 (net of accumulated depreciation). This investment in capital assets includes: land, buildings, improvements, equipment and furniture and fixtures.

Major capital asset events during the current fiscal year included building improvements, cemetery property, voting booths, shredder, cemetery mowers and a phone system. Also, during the year, the township invested in new assessing and tax collection software programs to maintain compliance and keep current with state guidelines. Details of the Township's capital assets are continued in the notes to the financial statements on page 22.

### **Long-Term Debt**

At the end of the current fiscal year, the Township had total debt outstanding of \$2,972,822. The Township debt is as follows:

#### **The Township's Outstanding Debt General Obligation and Revenue Bonds**

	<u>Governmental-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Primary Government:				
Special Assessment Bonds	\$ 6,700	\$ 24,700	\$ 6,700	\$ 24,700
Special Assessment Debt	<u>2,966,122</u>	<u>165,719</u>	<u>2,966,122</u>	<u>165,719</u>
Total	<u>\$ 2,972,822</u>	<u>\$ 190,419</u>	<u>\$ 2,972,822</u>	<u>\$ 190,419</u>

The Township's debt increased by \$2,782,403 during the current fiscal year. The net addition was attributable to the new Cloverdale-Long Lake sewer debt.

Additional information on the Township long-term debt can be found on pages 23 of the notes to the financial statements.



### **Economic Factors and Next Year's Budgets and Rates**

Budget assumptions: The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget may mean further reductions in state-shared revenues. State shared revenues are expected to decrease in the 2008-2009 fiscal year, or at best will not be more than the previous fiscal year. The Township budgeted for no increase in state-shared revenue. The Township's millage rate will remain the same, subject to the Headlee rollback. The taxable value will increase, thus bringing in more tax revenue.

The Township budgets annually for its Public Improvement Revolving Fund, which enables loans to special assessments at a 4% interest rate. Interest is paid by various lake associations and reimbursed at the conclusion of the special assessment if funds are available. The Township plans to budget the revolving fund at \$25,000. The Township plans to budget \$15,000 for 2008-2009 for township hall repairs, maintenance, furniture and equipment. It has become necessary to re-roof the hall and it is anticipated the hall siding will be replaced with vinyl siding, as well. These factors were considered in preparing the Township's budget for the 2008-2009 fiscal year.

### **Requests for Information**

This financial report is designed to provide a general overview of Hope Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the (Supervisor/Treasurer/Clerk), Hope Township, 5463 S M-43 Highway, Hastings, MI 49058 269-948-2464.

**HOPE TOWNSHIP**  
**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**March 31, 2008**

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<b>ASSETS</b>	<b>Primary Government</b>	
	<b>Governmental Activities</b>	<b>Total</b>
Cash and Cash Equivalents	\$ 105,310	\$ 105,310
Investments	98,901	98,901
Receivables (Net)		
Taxes - Delinquent	31,075	31,075
Land Contract	427	427
Special Assessments	3,016,257	3,016,257
Due From State	35,273	35,273
Due From Other Funds	12	12
Restricted Assets	1,145,345	1,145,345
Investment in Joint Venture	279,888	279,888
Capital Assets (Net of Accumulated Depreciation)	<u>245,563</u>	<u>245,563</u>
Total Assets	<u>4,958,051</u>	<u>4,958,051</u>
<b>LIABILITIES</b>		
Accounts Payable	310	310
Due To Other Funds	12	12
Noncurrent Liabilities		
Due Within One Year	200,530	200,530
Due In More Than One Year	<u>2,772,292</u>	<u>2,772,292</u>
Total Liabilities	<u>2,973,144</u>	<u>2,973,144</u>
<b>NET ASSETS</b>		
Net Assets		
Invested in Capital Assets, Net of Related Debt	245,563	245,563
Restricted for Road	252,106	252,106
Restricted for Fire	477,013	477,013
Restricted for Cemetery	142,481	142,481
Restricted for Special Assessments	130,356	130,356
Restricted for Capital Projects	204,484	204,484
Unrestricted	<u>532,904</u>	<u>532,904</u>
Total Net Assets	<u>\$ 1,984,907</u>	<u>\$ 1,984,907</u>

The Notes to Financial Statements are an integral part of this statement.

**HOPE TOWNSHIP**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**March 31, 2008**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Assets	
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Total
<b>Primary Government</b>					
Governmental Activities					
Legislative	\$ 18,240	\$ -	\$ -	\$ (18,240)	\$ (18,240)
General Government	232,351	13,953	-	(218,398)	(218,398)
Public Safety	90,102	18,671	-	(71,431)	(71,431)
Public Works	142,820	-	-	(142,820)	(142,820)
Health and Welfare	3,000	-	-	(3,000)	(3,000)
Recreational and Cultural	41,207	-	-	(41,207)	(41,207)
Other	3,689,228	78,246	3,378,999	(231,983)	(231,983)
Interest and Fiscal Charges	118,848	-	-	(118,848)	(118,848)
Total Governmental Activities	<u>4,335,796</u>	<u>110,870</u>	<u>3,378,999</u>	<u>(845,927)</u>	<u>(845,927)</u>
Total Primary Government	<u>\$ 4,335,796</u>	<u>\$ 110,870</u>	<u>\$ 3,378,999</u>	<u>\$ (845,927)</u>	<u>\$ (845,927)</u>
General Revenues					
Taxes and Penalties				289,973	289,973
Licenses and Permits				2,100	2,100
State Grants				228,326	228,326
Investment Income				123,604	123,604
Other Revenue				41,739	41,739
Total General Revenue				<u>685,742</u>	<u>685,742</u>
Loss from Trade-In of Capital Assets				<u>(6,243)</u>	<u>(6,243)</u>
Change in Net Assets				(166,428)	(166,428)
Net Assets-Beginning				<u>2,151,335</u>	<u>2,151,335</u>
Net Assets-Ending				<u>\$ 1,984,907</u>	<u>\$ 1,984,907</u>

The Notes to Financial Statements are an integral part of this statement.

**HOPE TOWNSHIP**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**March 31, 2008**

<b>ASSETS</b>	<b>General</b>	<b>Road Fund</b>	<b>Fire Fund</b>	<b>Cemetery Fund</b>	<b>Wall Lake Sewer</b>	<b>Capital Projects</b>	<b>Wall Lake Weed Control 2</b>	<b>Cloverdale-Long Lake Sewer</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
Cash and Cash Equivalents	\$ 91,703	\$ 84,023	\$ 188,262	\$ 36,236	\$ -	\$ 39,722	\$ 9,009	\$ -	\$ 95,304	\$ 544,259
Investments	53,540	157,361	280,710	103,563	-	164,762	-	-	45,361	805,297
Receivables										
Taxes	9,630	10,722	8,041	2,682	-	-	-	-	-	31,075
Land Contract	427	-	-	-	-	-	-	-	-	427
Special Assessments	-	-	-	-	106,122	-	58,476	2,711,220	140,439	3,016,257
Due From State	35,273	-	-	-	-	-	-	-	-	35,273
Due From Other Funds	12	-	-	-	-	-	-	-	-	12
<b>Total Assets</b>	<b>\$ 190,585</b>	<b>\$ 252,106</b>	<b>\$ 477,013</b>	<b>\$ 142,481</b>	<b>\$ 106,122</b>	<b>\$ 204,484</b>	<b>\$ 67,485</b>	<b>\$ 2,711,220</b>	<b>\$ 281,104</b>	<b>\$ 4,432,600</b>
<b>LIABILITIES AND FUND BALANCE</b>										
<b>Liabilities</b>										
Accounts Payable	\$ 310	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 310
Due to Other Funds	-	-	-	-	-	-	12	-	-	12
Deferred Revenue	-	-	-	-	103,046	-	56,904	2,691,520	125,015	2,976,585
<b>Total Liabilities</b>	<b>310</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>103,046</b>	<b>-</b>	<b>56,916</b>	<b>2,691,520</b>	<b>125,015</b>	<b>2,976,907</b>
<b>Fund Balances</b>										
Reserved	-	-	-	-	3,076	204,484	10,569	19,600	97,111	334,840
Designated	-	-	-	-	-	-	-	-	-	-
Unreserved-Undesignated	190,275	252,106	477,013	142,481	-	-	-	-	58,978	1,120,853
<b>Total Fund Balances</b>	<b>190,275</b>	<b>252,106</b>	<b>477,013</b>	<b>142,481</b>	<b>3,076</b>	<b>204,484</b>	<b>10,569</b>	<b>19,600</b>	<b>156,089</b>	<b>1,455,693</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 190,585</b>	<b>\$ 252,106</b>	<b>\$ 477,013</b>	<b>\$ 142,481</b>	<b>\$ 106,122</b>	<b>\$ 204,484</b>	<b>\$ 67,485</b>	<b>\$ 2,711,220</b>	<b>\$ 281,104</b>	<b>\$ 4,432,600</b>

**HOPE TOWNSHIP**  
**RECONCILIATION OF THE GOVERNMENTAL FUND'S BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**March 31, 2008**

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<b>Governmental Fund Balance - March 31, 2008</b>		<b>\$ 1,455,693</b>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental capital assets	\$ 394,421	
Less: Accumulated depreciation	<u>(148,858)</u>	245,563
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures		
		2,976,585
Investment in Joint Venture in governmental activities is not a financial resource and therefore is not reported in the governmental funds		
		279,888
Long-term liabilities are not due and payable in the current period and are not reported in the funds		
		<u>(2,972,822)</u>
<b>Net Assets of Governmental Activities</b>		<b><u>\$ 1,984,907</u></b>

The Notes to Financial Statements are an integral part of this statement.

**HOPE TOWNSHIP**  
**GOVERNMENTAL FUND STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**For the Year Ended March 31, 2008**

	<u>General</u>	<u>Road Fund</u>	<u>Fire Fund</u>	<u>Cemetery Fund</u>	<u>Wall Lake Sewer</u>
<b>Revenues</b>					
Taxes and Penalties	\$ 89,948	\$ 100,010	\$ 75,002	\$ 25,013	\$ -
Licenses and Permits	2,100	-	-	-	-
State Grants	228,326	-	-	-	-
Contributions from Local Units	-	-	-	-	-
Charges for Services	761	-	-	11,303	-
Interest and Rentals	10,200	8,146	17,542	5,719	6,439
Other Revenue	<u>51,130</u>	<u>-</u>	<u>1,552</u>	<u>-</u>	<u>65,113</u>
<b>Total Revenues</b>	<u>382,465</u>	<u>108,156</u>	<u>94,096</u>	<u>42,035</u>	<u>71,552</u>
<b>Expenditures</b>					
Legislative	18,240	-	-	-	-
General Government	189,613	-	-	24,618	-
Public Safety	28,336	-	32,624	-	-
Public Works	39,855	102,965	-	-	-
Health and Welfare	3,000	-	-	-	-
Recreation and Cultural	39,961	-	-	-	-
Other	14,334	-	-	-	6,670
Capital Outlay	7,799	-	-	39,725	-
Debt Service					
Principal	-	-	-	-	59,597
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,439</u>
<b>Total Expenditures</b>	<u>341,138</u>	<u>102,965</u>	<u>32,624</u>	<u>64,343</u>	<u>72,706</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>41,327</u>	<u>5,191</u>	<u>61,472</u>	<u>(22,308)</u>	<u>(1,154)</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from Sale of Fixed Assets	-	-	-	19,146	-
Proceeds from Bond Sale	-	-	-	-	-
Operating Transfers In	-	-	-	-	-
Operating Transfers (Out)	<u>(4,222)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(4,222)</u>	<u>-</u>	<u>-</u>	<u>19,146</u>	<u>-</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<u>37,105</u>	<u>5,191</u>	<u>61,472</u>	<u>(3,162)</u>	<u>(1,154)</u>
<b>Fund Balance-April 1, 2007</b>	<u>153,170</u>	<u>246,915</u>	<u>415,541</u>	<u>145,643</u>	<u>4,230</u>
<b>Fund Balance-March 31, 2008</b>	<u>\$ 190,275</u>	<u>\$ 252,106</u>	<u>\$ 477,013</u>	<u>\$ 142,481</u>	<u>\$ 3,076</u>

The Notes to Financial Statements are an integral part of this statement.

**HOPE TOWNSHIP**  
**GOVERNMENTAL FUND STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (Continued)**  
**For the Year Ended March 31, 2008**

<b>Capital Projects</b>	<b>Wall Lake Weed Control 2</b>	<b>Cloverdale- Long Lake Sewer</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ -	\$ -	289,973
-	-	-	-	2,100
-	-	-	-	228,326
-	-	210,822	-	210,822
-	28,776	-	68,141	108,981
9,298	151	59,264	8,734	125,493
-	-	322,690	16,412	456,897
<u>9,298</u>	<u>28,927</u>	<u>592,776</u>	<u>93,287</u>	<u>1,422,592</u>
-	-	-	-	18,240
-	-	-	-	214,231
-	-	-	29,142	90,102
-	-	-	-	142,820
-	-	-	-	3,000
-	-	-	-	39,961
-	58,912	3,536,854	72,458	3,689,228
-	-	-	-	47,524
-	-	100,000	18,000	177,597
-	-	110,822	1,587	118,848
-	<u>58,912</u>	<u>3,747,676</u>	<u>121,187</u>	<u>4,541,551</u>
<u>9,298</u>	<u>(29,985)</u>	<u>(3,154,900)</u>	<u>(27,900)</u>	<u>(3,118,959)</u>
-	-	-	-	19,146
-	-	2,960,000	-	2,960,000
-	-	-	4,222	4,222
-	-	-	-	(4,222)
-	-	<u>2,960,000</u>	<u>4,222</u>	<u>2,979,146</u>
9,298	(29,985)	(194,900)	(23,678)	(139,813)
<u>195,186</u>	<u>40,554</u>	<u>214,500</u>	<u>179,767</u>	<u>1,595,506</u>
<u>\$ 204,484</u>	<u>\$ 10,569</u>	<u>\$ 19,600</u>	<u>\$ 156,089</u>	<u>\$ 1,455,693</u>

The Notes to Financial Statements are an integral part of this statement.

**HOPE TOWNSHIP**  
**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES**  
**For the Year Ended March 31, 2008**

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<b>Net Change in Fund Balances - Total Governmental Funds</b>		<b>\$ (139,813)</b>
Special assessment revenues are recorded in the statement of activities when the project is substantially complete; they are not reported in the funds if collected by year end or within 60 days of year end		2,753,019
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces debt)		177,597
Bond Proceeds are revenue in governmental funds, but not in the statement of activities		(2,960,000)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives:		
Expenditures for capital assets	\$ 47,524	
Less: Current year depreciation	19,366	
Less: Proceeds from Sale of Capital Asset	19,146	
Less: Loss from Trade-In of Capital Asset	<u>6,243</u>	2,769
Change in Joint Venture in governmental activities is not a financial resource and therefore is not reported in the governmental funds		<u>-</u>
<b>Change in Net Assets of Governmental Activities</b>		<b><u>\$ (166,428)</u></b>

The Notes to Financial Statements are an integral part of this statement.



**HOPE TOWNSHIP**  
**FIDUCIARY FUNDS STATEMENT OF NET ASSETS**  
**March 31, 2008**

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<u><b>ASSETS</b></u>	<u><b>Pension Trust</b></u>	<u><b>Current Tax Collection</b></u>	<u><b>Trust and Agency</b></u>
Cash	\$ -	\$ 4,062	\$ 2,016
Investments-at Fair Value:			
Other Investments	<u>132,805</u>	<u>-</u>	<u>-</u>
Total Assets	<u>132,805</u>	<u>4,062</u>	<u>2,016</u>
 <u><b>LIABILITIES</b></u>			
Due to Other Funds	-	-	-
Due to Other Units of Government	-	4,062	-
Other Liability	<u>-</u>	<u>-</u>	<u>2,016</u>
Total Liabilities	<u>-</u>	<u>4,062</u>	<u>2,016</u>
 <u><b>NET ASSETS</b></u>			
Held in Trust for Pension Benefits	<u>\$ 132,805</u>	<u>\$ -</u>	<u>\$ -</u>

The Notes to Financial Statements are an integral part of this statement.

**HOPE TOWNSHIP**  
**FIDUCIARY FUNDS STATEMENT OF CHANGES IN NET ASSETS**  
**For the Year Ended March 31, 2008**

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	<u>Pension Trust</u>
<b>Additions</b>	
Contributions	
Employer	<u>\$ 13,077</u>
Total Contributions	13,077
Investment Income	
Interest and Dividends	<u>4,381</u>
Total Additions	<u>17,458</u>
<b>Deductions</b>	
Employee Withdrawals and Transfers	-
Charges	<u>(589)</u>
Total Deductions	<u>(589)</u>
Change in Net Assets	16,869
Net Assets-Beginning	<u>115,936</u>
Net Assets-Ending	<u>\$ 132,805</u>

The Notes to Financial Statements are an integral part of this statement.

**HOPE TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2008**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Hope Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Hope Township:

**REPORTING ENTITY**

Hope Township is located in Barry County, Michigan. The Township operates under an elected board of five members and provides services to residents in many areas including fire protection and general government services. Education services are provided to citizens through several local school districts, which are separate governmental entities.

**JOINT VENTURES**

**Fire Department**

The Township, together with the Townships of Barry and Prairieville has established a joint fire department under the provisions of Public Act 33 of 1951 and Public Act 7 of 1967. The department is known as the BPH Joint Fire Department. The organizational agreement provides that financing of the Department's activities will be as follows:

Each Township shall contribute one-third the cost of maintaining and operating the BPH Joint Fire Department with the exception for new vehicles and large equipment, which will be covered 30% by Barry Township, 25% by Prairieville Township and 45% by Hope Township. Half of the operating budget is due in April to cover insurance and the balance is billed quarterly.

Real property and equipment acquired by the BPH Joint Fire Department shall be held by the member Townships as tenants in common and each shall hold a one-third interest.

Hope Township's share of the cost of fire protection for the year ended March 31, 2008 was \$32,624.

The following information summarizes the activity of the joint venture through March 31, 2007, the most recent audited financial statements available.

Total Assets	\$ 454,968	Total Revenues	\$ 197
Total Liabilities	\$ 1,078	Total Expenditures	\$ 15,638
Total Net Assets	\$ 453,890	Increase (Decrease) in Net Assets	\$ (15,441)
Total Joint Venture Outstanding Debt	\$ -		

Complete financial statements for BPH Joint Fire Department can be obtained from:

Judith Wooer, Treasurer  
155 E Orchard St.  
Delton, MI 49046

**HOPE TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended March 31, 2008**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**JOINTLY GOVERNED ORGANIZATIONS**

Hope Township, in conjunction with three other local units of government, has entered into an agreement, which created the Southwest Barry County Intermunicipality Committee. The purpose of the authority is to provide necessary cooperative planning of infrastructure to serve the needs of the citizens of the participating municipalities in accordance with the Authorization under the Urban Cooperation Act of 1967. The incorporating municipalities are: Barry Township, Hope Township, Prairieville Township and the Delton Kellogg School District. The board is comprised of eight members, consisting of two elected officials from each township and two representatives from the Delton Kellogg School District. During the current fiscal year \$0 has been remitted by Hope Township to the Committee.

Hope Township, in conjunction with three other local units of government, Barry, Johnstown and Prairieville Townships, established the Southwest Barry County Sewer and Water Authority, under provisions of Act 233 of 1955, to operate, maintain administer, and manage a sewage collection and disposal system. The governing body of the Authority is made up of the supervisors of each member Township. Membership does not convey an equity interest in the organization. Operating costs are financed through user fees, and debt service costs are paid from special assessments upon benefited properties.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers who purchase, use or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. The Township uses a period of greater than sixty days to measure availability for property taxes receivable. The Township receives its settlement of delinquent property taxes from Barry County a few days after the sixty-day period and chooses to recognize the revenue as current year property tax revenue. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

**HOPE TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2008**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**  
**(Continued)**

State grants, licenses and permits, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual; therefore, they have been recognized as revenue in the current fiscal period. All other revenues are considered to be measurable only when the Township receives cash.

Taxes Receivable - The Township property tax is levied on each December 1<sup>st</sup> based on the taxable valuation of property located in the Township as of the preceding December 31<sup>st</sup>.

Although the Township ad valorem tax is levied and collectible on February 1<sup>st</sup>, it is the Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

The 2007 State taxable valuation of the Township totaled \$105,769,838 on which ad valorem taxes levied consisted of .8513 mills for Township operating purposes, .7108 mills for the Township's fire services, .2370 for the Township's cemetery, and .9478 mills for the Township's roads, raising \$89,525 for operating, \$74,750 for fire services, \$24,924 for the cemetery, and \$99,673 for roads.

The Township reports the following major governmental funds:

- The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.
- The Road Fund accounts for the maintenance of the Township's roads. Revenues are primarily derived from property taxes.
- The Fire Fund accounts for the Township's fire services. Revenues are primarily derived from property taxes.
- The Cemetery Fund accounts for the Township's cemetery services. Revenues are primarily derived from property taxes.
- The Wall Lake Sewer Fund accounts for the Township's sewer in the Wall Lake area. Revenues are primarily derived from special assessments levied on the residents of the lake.
- The Capital Projects Funds accounts for all major capital expenditures of the Township. Revenue currently consists of interest on the accounts held for this purpose.
- The Wall Lake Weed Control #2 Fund accounts for the Township's second weed control project at Wall Lake. Revenues are derived primarily from special assessments levied on the residents of the lake.
- The Cloverdale-Long Lake Sewer Fund accounts for the Township's sewer for Cloverdale Lake and Long Lake. Revenues are primarily derived from special assessments levied on the residents of the lakes.

Additionally, the government reports the following fiduciary fund types:

- The Pension Trust Fund accounts for the activities of the retirement system, which accumulates resources for pension benefit payments to qualified employees.
- The Trust and Agency Fund accounts for the assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**HOPE TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2008**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1<sup>st</sup> based on the taxable valuation of property located in the Township as of the preceding December 31<sup>st</sup>. These taxes are due on February 28<sup>th</sup>. After that date, they are added to the county's delinquent tax rolls.

The delinquent real property taxes of the Township are purchased by Barry County.

The amount recognized in the financial statements as current property tax revenue represents the 2007 taxes levied for the year.

Restricted Assets - The Township has restricted assets for road, fire, cemetery, special assessments and capital projects. By restricting a portion of the net assets for a specific purpose, the Township has limited the use of the funds for that specific purpose only. The Township Board cannot change the amounts restricted and cannot spend the restricted funds for any other purpose than capital projects or special assessments. The special assessment bonds require amounts to be set-aside for debt service principal and interest.

Capital Assets - Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. The government defines capital assets as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

<u>General Assets</u>	
Buildings	40 years
Land Improvements	15 years
Furniture	10 years
Equipment	7 years
Data Processing Equipment	5 years

Long-Term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**HOPE TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended March 31, 2008**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (Continued)**

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Hope Township does not have any designations of fund balance.

**Reserved Fund Balances** - The Township has reserved fund balances for capital projects and debt service. By reserving a portion of fund balance for a specific purpose, the Township Board has established a policy that the amounts reserved are to be used for a specific purpose. The Township Board cannot change the amounts reserved and cannot spend the reserved funds for any other purpose than capital projects or special assessments debt service.

**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information** - Budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types. The Township Boards prepares the annual budgets prior to March 31. A Public Hearing is conducted to obtain taxpayers' comments. The budget documents present information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

**EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS**

P.A. 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

During the year ended March 31, 2008, the Township incurred expenditures in certain budgeted funds, which were in excess of the amounts appropriated, as follows:

<b><u>FUND</u></b>	<b><u>TOTAL APPROPRIATIONS</u></b>	<b><u>AMOUNT OF EXPENDITURES</u></b>	<b><u>BUDGET VARIANCE</u></b>
General			
Operating Transfer Out	\$ -	\$ 4,222	\$ 4,222

**ENCUMBRANCE ACCOUNTING**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by Hope Township

**DEPOSITS AND INVESTMENTS**

**Michigan Compiled Laws Section 129.91**, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

**HOPE TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2008

**DEPOSITS AND INVESTMENTS (Continued)**

The Township has designated five banks, two federal savings banks and an investment company for the deposit of Hope Township funds.

The Township retirement system's investments are held in trust by the investment fiduciary, Manufacturers Life Financial. Michigan Compiled Laws, Section 38.1132, authorizes the Township retirement system to invest in a wide variety of investments including stocks, bonds, certificates of deposit, real estate, annuity contracts, obligations of a specified nature, and real or personal property. Specific limitations apply to the various investment types depending on the size of the system.

The Township's deposits and investments are in accordance with statutory authority.

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	<b><u>GOVERNMENTAL ACTIVITIES</u></b>	<b><u>FIDUCIARY FUNDS</u></b>	<b><u>TOTAL PRIMARY GOVERNMENT</u></b>
Cash and Cash Equivalents	\$ 105,310	\$ 6,078	\$ 111,388
Investments	98,901	132,805	231,706
Restricted Assets	<u>1,145,345</u>	<u>-</u>	<u>1,145,345</u>
Total	<u>\$ 1,349,556</u>	<u>\$ 138,883</u>	<u>\$ 1,488,439</u>

The breakdown between deposits and investments is:

	<b><u>TOTAL PRIMARY GOVERNMENT</u></b>
Cash and Cash Equivalents (Checking and Savings Accounts, Certificates of Deposit)	\$ 1,355,434
Investment in Securities (Mutual Funds and Similar Vehicles)	132,805
Petty Cash and Cash on Hand	<u>200</u>
Total	<u>\$ 1,488,439</u>

Custodial credit risk is the risk that the Township will not be able to recover its deposits in the event of financial institution failure. The Township's deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At March 31, 2008, the Township had deposits with a carrying amount of \$1,355,434 and a bank balance of \$1,406,668. Of the bank balance, \$881,210 is covered by federal depository insurance, \$525,458 is uninsured and \$0 is collateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of the FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.



**HOPE TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2008

**CAPITAL ASSETS**

Capital asset activity of the primary government for the current year was as follows:

	<b><u>BEGINNING BALANCE</u></b>	<b><u>INCREASES</u></b>	<b><u>DECREASES</u></b>	<b><u>ENDING BALANCE</u></b>
<b>Governmental Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ 49,324	\$ 10,714	\$ -	\$ 60,038
Subtotal	<u>49,324</u>	<u>10,714</u>	<u>-</u>	<u>60,038</u>
Capital Assets Being Depreciated				
Buildings	143,312	-	-	143,312
Improvements	44,917	2,920	-	47,837
Furniture	33,345	-	-	33,345
Equipment	75,177	33,890	29,500	79,567
Data Processing Equipment	<u>30,322</u>	<u>-</u>	<u>-</u>	<u>30,322</u>
Subtotal	<u>327,073</u>	<u>36,810</u>	<u>29,500</u>	<u>334,383</u>
Less Accumulated Depreciation for				
Buildings	58,511	2,985	-	61,496
Improvements	9,409	1,899	-	11,308
Furniture	22,218	2,607	-	24,825
Equipment	28,104	7,355	4,110	31,349
Data Processing Equipment	<u>15,360</u>	<u>4,520</u>	<u>-</u>	<u>19,880</u>
Subtotal	<u>133,602</u>	<u>19,366</u>	<u>4,110</u>	<u>148,858</u>
Net Capital Assets Being Depreciated	<u>193,471</u>	<u>17,444</u>	<u>25,390</u>	<u>185,525</u>
Governmental Activities Total Capital Assets-Net of Depreciation	<u>\$ 242,795</u>	<u>\$ 28,158</u>	<u>\$ 25,390</u>	<u>\$ 245,563</u>

Depreciation expense was charged to programs of the Township as follows:

Governmental Activities	
General Government	\$ 18,120
Recreational and Cultural	<u>1,246</u>
Total Government Activities	<u>\$ 19,366</u>

**HOPE TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2008**

**LONG-TERM DEBT**

The government issues bonds to provide for special assessments. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. The Township also has a contractual agreement to remit to the Southwest Barry County Sewer and Water Authority all principal and interest collections arising from special assessments levied on properties served by the Authority. In the event that the Authority is unable to meet its debt service requirements, an assessment may be made against the Township. The Township has pledged its full faith and credit for the payment of its share of any such deficiency.

The following is a summary of the debt outstanding Hope Township as of March 31, 2008:

	<u>INTEREST RATE</u>	<u>PRINCIPAL MATURES</u>	<u>BEGINNING BALANCE</u>	<u>ADDITION (REDUCTIONS)</u>	<u>ENDING BALANCE</u>	<u>DUE WITHIN ONE YEAR</u>
Governmental Activities						
Special Assessment Bonds						
Steven's Wooded Acres	7.35-7.50%	2008	\$ 10,000	\$ (10,000)	\$ -	\$ -
Keller Road	5.70%	2009	14,700	(8,000)	6,700	6,700
Special Assessment Debt						
Southwest Sewer and Water Authority	3.81%	2010	165,719	(59,597)	106,122	53,830
Cloverdale-Long Lake Sewer	4.68%	2027	-	2,860,000	2,860,000	140,000
Total Governmental Activities			<u>\$ 190,419</u>	<u>\$ 2,782,403</u>	<u>\$ 2,972,822</u>	<u>\$ 200,530</u>

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year End March 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 200,530	\$ 139,905
2010	202,292	130,755
2011	150,000	121,616
2012	150,000	114,366
2013	150,000	107,277
2014-2018	750,000	430,054
2019-2023	750,000	252,834
2024-2027	620,000	73,251
Total	<u>\$ 2,972,822</u>	<u>\$ 1,370,058</u>

**HOPE TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended March 31, 2008**

**INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances is as follows:

<u>FUND</u>	<u>INTERFUND RECEIVABLES</u>	<u>FUND</u>	<u>INTERFUND PAYABLES</u>
General	\$ 12	Wall Lake Weed #2	\$ 12
	\$ 12		\$ 12
<u>FUND</u>	<u>TRANSFERS IN</u>	<u>FUND</u>	<u>TRANSFERS OUT</u>
Building Fund	\$ 4,222	General Fund	\$ 4,222
	\$ 4,222		\$ 4,222

The interfund receivables and payables represent money owed to the general fund for expenses paid by the general fund for the various other funds. Transfers were used to move funds to the building fund where the expenditures were expended from in accordance with budgetary authorizations.

**RISK MANAGEMENT**

The Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township manages its risk exposure and provides certain employee benefits thorough a combination of risk management pools and commercial insurance.

The Township participates in the Michigan Municipal League for property, general liability, and employee bond coverage. The Michigan Municipal Liability and Property Pool were established pursuant to laws of the State of Michigan, which authorizes local units of government to jointly exercise any power, privilege or authority which each might exercise separately. The purpose of the pool is to jointly exercise powers common to each participating member to establish and administer a risk management program; to prevent or lessen the incidence and severity of casualty losses occurring in the operation of its members; and to defend and protect any member of the authority against liability or loss.

The Michigan Municipal Liability and Property Pool, while it operates under the Michigan Legislation of Public Act 138, does not operate as a risk pool due to a total transfer of risk to reinsurance companies backing the Michigan Municipal Liability and Property Pool. Due to this reinsurance purchase, there is no pooling of risk between members.

The Michigan Municipal Liability and Property Pool chose to adopt the forms and endorsements of conventional insurance protection and to reinsure these coverages 100%, rather than utilize a risk pool of member funds to pay individual and collective losses up to a given retention, and then have reinsurance above that retention amount.

The individual members are responsible for their self-retention amounts (deductibles) that vary from member to member.

At March 31, 2008, there were no claims, which exceeded insurance coverage. The Township had no significant reduction in insurance coverage from previous years.

**HOPE TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2008**

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**DEFINED CONTRIBUTION PLAN**

The Township contributes to a defined contribution pension plan for its eligible employees. John Hancock holds the participants' accounts in individual "guaranteed accounts".

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeiture of other participants' benefits that may be allocated to such participant's account. The pension plan is available to all members of the township board. Contributions by the Township vest immediately. The Township contributes 100% of the premium or charges arising under the pension contract.

During the year, the Township's required and actual contributions amounted to \$13,077, which was 15% of its current-year covered payroll of \$88,062. The total fiscal year payroll was \$165,122. No pension provision changes occurred during the year that affected the required contributions to be made by the Township or its employees.

**PENDING LITIGATION**

The Township is currently a defendant in a special assessment appeal regarding the Cloverdale and Long Lake sewer project. It is the opinion of the board that this lawsuit is without merit and the Township intends to vigorously defend against the appeal. As of March 31, 2008, the case is currently pending and no amount has been accrued in these financial statements since the outcome of this matter is uncertain and the resulting liability, if any, cannot be determined.

**HOPE TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**For the Year Ended March 31, 2008**

	<b>ORIGINAL BUDGET</b>	<b>AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE WITH AMENDED BUDGET</b>
Beginning of Year Fund Balance	\$ 153,170	\$ 153,170	\$ 153,170	\$ -
Resources (Inflows)				
Taxes and Penalties	84,120	84,120	89,948	5,828
Licenses and Permits	4,000	4,000	2,100	(1,900)
State Grants	228,800	228,800	228,326	(474)
Charges for Services	265	265	761	496
Interest and Rentals	5,000	5,000	10,200	5,200
Other Revenue	16,290	16,290	51,130	34,840
Total Resources	338,475	338,475	382,465	43,990
Charges to Appropriations (Outflows)				
Legislative	32,650	29,650	18,240	11,410
General Government				
Supervisor	23,120	23,120	21,253	1,867
Elections	4,910	4,910	2,244	2,666
Assessor	32,402	32,402	32,092	310
Attorney	10,000	3,000	1,125	1,875
Clerk	43,410	43,410	41,798	1,612
Audit	7,500	7,500	7,450	50
Board of Review	2,530	2,530	1,428	1,102
Treasurer	36,530	36,530	34,083	2,447
Data Processing	18,500	18,500	11,166	7,334
Township Hall	45,510	45,510	36,974	8,536
Public Safety				
Planning and Zoning	68,000	47,778	28,336	19,442
Public Works				
Street Lighting	6,000	6,000	5,238	762
Sanitary Landfill and Recycling	7,100	10,100	8,584	1,516
Special Assessment	35,000	58,000	26,033	31,967
Health and Welfare				
Green Gables	3,000	3,000	3,000	-
Recreational and Cultural				
Parks	9,250	9,250	5,709	3,541
YMCA	1,000	1,000	1,000	-
Bernard Museum	1,000	1,000	1,000	-
Library	32,455	32,455	32,252	203
Other				
Insurance, Bonds and Fringes	17,000	17,000	14,334	2,666
Capital Outlay	6,000	6,000	7,799	(1,799)
Total Charges to Appropriations	442,867	438,645	341,138	97,507

**HOPE TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (Continued)**  
**For the Year Ended March 31, 2008**

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
Excess of Resources Over (Under) Appropriations	<u>(104,392)</u>	<u>(100,170)</u>	<u>41,327</u>	<u>141,497</u>
Other Financing Sources (Uses):				
Proceeds From Sale of Fixed Asset	-	-	-	-
Operating Transfers In	15,000	15,000	-	(15,000)
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>(4,222)</u>	<u>(4,222)</u>
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>15,000</u>	<u>(4,222)</u>	<u>(19,222)</u>
Excess of Resources and Other Sources Over (Under) Appropriations and Other Uses	<u>(89,392)</u>	<u>(85,170)</u>	<u>37,105</u>	<u>122,275</u>
Budgetary Fund Balance - March 31, 2008	<u>\$ 63,778</u>	<u>\$ 68,000</u>	<u>\$ 190,275</u>	<u>\$ 122,275</u>

**HOPE TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE - ROAD FUND**  
**For the Year Ended March 31, 2008**

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
Beginning of Year Fund Balance	\$ 246,915	\$ 246,915	\$ 246,915	\$ -
Resources (Inflows)				
Taxes and Penalties	93,400	93,400	100,010	6,610
Interest and Rentals	<u>5,000</u>	<u>5,000</u>	<u>8,146</u>	<u>3,146</u>
Total Resources	<u>98,400</u>	<u>98,400</u>	<u>108,156</u>	<u>9,756</u>
Charges to Appropriations (Outflows)				
Public Works				
Contracted Services	<u>120,000</u>	<u>120,000</u>	<u>102,965</u>	<u>17,035</u>
Total Charges to Appropriations	<u>120,000</u>	<u>120,000</u>	<u>102,965</u>	<u>17,035</u>
Excess of Resources Over (Under) Appropriations	<u>(21,600)</u>	<u>(21,600)</u>	<u>5,191</u>	<u>26,791</u>
Other Financing Sources (Uses):				
Operating Transfers In	10,000	10,000	-	(10,000)
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Excess of Resources and Other Sources Over (Under) Appropriations and Other Uses	<u>(11,600)</u>	<u>(11,600)</u>	<u>5,191</u>	<u>16,791</u>
Budgetary Fund Balance - March 31, 2008	<u>\$ 235,315</u>	<u>\$ 235,315</u>	<u>\$ 252,106</u>	<u>\$ 16,791</u>

**HOPE TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE - FIRE FUND**  
**For the Year Ended March 31, 2008**

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
Beginning of Year Fund Balance	\$ 415,541	\$ 415,541	\$ 415,541	\$ -
Resources (Inflows)				
Taxes and Penalties	70,000	70,000	75,002	5,002
Interest and Rentals	11,000	11,000	17,542	6,542
Miscellaneous	<u>-</u>	<u>-</u>	<u>1,552</u>	<u>1,552</u>
Total Resources	<u>81,000</u>	<u>81,000</u>	<u>94,096</u>	<u>13,096</u>
Charges to Appropriations (Outflows)				
Public Safety				
Contracted Services	52,700	52,700	32,624	20,076
Capital Outlay	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total Charges to Appropriations	<u>152,700</u>	<u>152,700</u>	<u>32,624</u>	<u>120,076</u>
Excess of Resources Over (Under) Appropriations	<u>(71,700)</u>	<u>(71,700)</u>	<u>61,472</u>	<u>133,172</u>
Other Financing Sources (Uses):				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Resources and Other Sources Over (Under) Appropriations and Other Uses	<u>(71,700)</u>	<u>(71,700)</u>	<u>61,472</u>	<u>133,172</u>
Budgetary Fund Balance - March 31, 2008	<u>\$ 343,841</u>	<u>\$ 343,841</u>	<u>\$ 477,013</u>	<u>\$ 133,172</u>



**HOPE TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE - CEMETARY FUND**  
For the Year Ended March 31, 2008

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
Beginning of Year Fund Balance	\$ 145,643	\$ 145,643	\$ 145,643	\$ -
Resources (Inflows)				
Taxes and Penalties	23,000	23,000	25,013	2,013
Charges for Services	11,000	11,000	11,303	303
Interest and Rentals	<u>3,000</u>	<u>3,000</u>	<u>5,719</u>	<u>2,719</u>
Total Resources	<u>37,000</u>	<u>37,000</u>	<u>42,035</u>	<u>5,035</u>
Charges to Appropriations (Outflows)				
Cemetery				
Salaries	18,500	18,500	13,896	4,604
Social Security	1,500	1,500	1,063	437
Fringe Benefits	-	-	125	(125)
Supplies	2,500	2,500	1,530	970
Contracted Services	5,000	5,000	-	5,000
Transportation	1,500	1,500	1,042	458
Utilities	400	400	281	119
Maintenance and Repairs	10,000	10,000	6,580	3,420
Miscellaneous	350	350	101	249
Capital Outlay	<u>47,000</u>	<u>47,000</u>	<u>39,725</u>	<u>7,275</u>
Total Charges to Appropriations	<u>86,750</u>	<u>86,750</u>	<u>64,343</u>	<u>22,407</u>
Excess of Resources Over (Under) Appropriations	<u>(49,750)</u>	<u>(49,750)</u>	<u>(22,308)</u>	<u>27,442</u>
Other Financing Sources (Uses):				
Proceeds from Trade-In of Fixed Assets	30,000	30,000	19,146	(10,854)
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>30,000</u>	<u>30,000</u>	<u>19,146</u>	<u>(10,854)</u>
Excess of Resources and Other Sources Over (Under) Appropriations and Other Uses	<u>(19,750)</u>	<u>(19,750)</u>	<u>(3,162)</u>	<u>16,588</u>
Budgetary Fund Balance - March 31, 2008	<u>\$ 125,893</u>	<u>\$ 125,893</u>	<u>\$ 142,481</u>	<u>\$ 16,588</u>

**HOPE TOWNSHIP  
COMBINING BALANCE SHEET -  
NON-MAJOR GOVERNMENTAL FUNDS  
March 31, 2008**

	<b>Special Revenue Funds</b>		<b>Debt Service Funds</b>		
	<b>Building Department</b>	<b>Budget Stabilization</b>	<b>Trails End</b>	<b>Lakeside Drive</b>	<b>Oakwood Drive</b>
<b><u>ASSETS</u></b>					
Cash and Cash Equivalents	\$ 361	\$ 13,256	\$ 4,732	\$ -	\$ 9,340
Investments	-	45,361	-	-	-
Special Assessments Receivable	-	-	10,260	-	-
<b>Total Assets</b>	<b>\$ 361</b>	<b>\$ 58,617</b>	<b>\$ 14,992</b>	<b>\$ -</b>	<b>\$ 9,340</b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
Liabilities					
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	990	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>990</b>	<b>-</b>	<b>-</b>
Fund Equity					
Fund Balance:					
Reserved	-		14,002	-	9,340
Unreserved-Undesignated	361	58,617	-	-	-
<b>Total Fund Equity</b>	<b>361</b>	<b>58,617</b>	<b>14,002</b>	<b>-</b>	<b>9,340</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 361</b>	<b>\$ 58,617</b>	<b>\$ 14,992</b>	<b>\$ -</b>	<b>\$ 9,340</b>

**HOPE TOWNSHIP  
COMBINING BALANCE SHEET -  
NON-MAJOR GOVERNMENTAL FUNDS (Continued)  
March 31, 2008**

<b>Debt Service Funds</b>						
<b>Guernsey Lake Weed</b>	<b>Walters Road</b>	<b>South Shore Drive</b>	<b>Dogwood Drive #2</b>	<b>Keller Road</b>	<b>Long Lake Weed</b>	<b>Total</b>
\$ 27,694	\$ -	\$ 2,595	\$ 6,050	\$ 11,138	\$ 20,138	\$ 95,304
-	-	-	-	-	-	45,361
<u>20,589</u>	<u>-</u>	<u>2,454</u>	<u>1,813</u>	<u>10,110</u>	<u>95,213</u>	<u>140,439</u>
<u>\$ 48,283</u>	<u>\$ -</u>	<u>\$ 5,049</u>	<u>\$ 7,863</u>	<u>\$ 21,248</u>	<u>\$ 115,351</u>	<u>\$ 281,104</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>18,795</u>	<u>-</u>	<u>1,943</u>	<u>1,662</u>	<u>9,600</u>	<u>92,025</u>	<u>125,015</u>
<u>18,795</u>	<u>-</u>	<u>1,943</u>	<u>1,662</u>	<u>9,600</u>	<u>92,025</u>	<u>125,015</u>
29,488	-	3,106	6,201	11,648	23,326	97,111
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,978</u>
<u>29,488</u>	<u>-</u>	<u>3,106</u>	<u>6,201</u>	<u>11,648</u>	<u>23,326</u>	<u>156,089</u>
<u>\$ 48,283</u>	<u>\$ -</u>	<u>\$ 5,049</u>	<u>\$ 7,863</u>	<u>\$ 21,248</u>	<u>\$ 115,351</u>	<u>\$ 281,104</u>

**HOPE TOWNSHIP**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended March 31, 2008**

	<b>Special Revenue Funds</b>		<b>Debt Service Funds</b>		
	<b>Building Department</b>	<b>Budget Stabilization</b>	<b>Trails End</b>	<b>Lakeside Drive</b>	<b>Oakwood Drive</b>
<b>Revenues</b>					
Charges for Services	\$ 18,671	\$ -	\$ -	\$ -	\$ -
Interest and Rentals	117	2,732	1,664	6	448
Other Revenue	-	-	3,150	-	-
<b>Total Revenues</b>	<b>18,788</b>	<b>2,732</b>	<b>4,814</b>	<b>6</b>	<b>448</b>
<b>Expenditures</b>					
Public Safety	29,142	-	-	-	-
Other	-	-	-	10,002	-
Capital Outlay	-	-	-	-	-
Debt Service:					
Principal	-	-	10,000	-	-
Interest	-	-	750	-	-
<b>Total Expenditures</b>	<b>29,142</b>	<b>-</b>	<b>10,750</b>	<b>10,002</b>	<b>-</b>
Excess of Revenues Over (Under) Expenditures	(10,354)	2,732	(5,936)	(9,996)	448
<b>Other Financing Sources (Uses):</b>					
Operating Transfers In	4,222	-	-	-	-
Operating Transfers Out	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>4,222</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(6,132)	2,732	(5,936)	(9,996)	448
<b>Fund Balance - April 1, 2007</b>	<b>6,493</b>	<b>55,885</b>	<b>19,938</b>	<b>9,996</b>	<b>8,892</b>
<b>Fund Balance March 31, 2008</b>	<b>\$ 361</b>	<b>\$ 58,617</b>	<b>\$ 14,002</b>	<b>\$ -</b>	<b>\$ 9,340</b>

**HOPE TOWNSHIP**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS (Continued)**  
**For the Year Ended March 31, 2008**

<b>Debt Service Funds</b>						
<b>Guernsey Lake Weed</b>	<b>Walters Road</b>	<b>South Shore Drive</b>	<b>Dogwood Drive #2</b>	<b>Keller Road</b>	<b>Long Lake Weed</b>	<b>Total</b>
\$ 18,795	\$ -	\$ -	\$ -	\$ -	\$ 30,675	\$ 68,141
300	687	336	436	1,881	127	8,734
-	3,965	1,942	1,662	5,693	-	16,412
<u>19,095</u>	<u>4,652</u>	<u>2,278</u>	<u>2,098</u>	<u>7,574</u>	<u>30,802</u>	<u>93,287</u>
-	-	-	-	-	-	29,142
16,658	12,124	-	-	-	33,674	72,458
-	-	-	-	-	-	-
-	-	-	-	8,000	-	18,000
-	-	-	-	837	-	1,587
<u>16,658</u>	<u>12,124</u>	<u>-</u>	<u>-</u>	<u>8,837</u>	<u>33,674</u>	<u>121,187</u>
<u>2,437</u>	<u>(7,472)</u>	<u>2,278</u>	<u>2,098</u>	<u>(1,263)</u>	<u>(2,872)</u>	<u>(27,900)</u>
-	-	-	-	-	-	4,222
-	-	-	-	-	-	-
-	-	-	-	-	-	4,222
2,437	(7,472)	2,278	2,098	(1,263)	(2,872)	(23,678)
<u>27,051</u>	<u>7,472</u>	<u>828</u>	<u>4,103</u>	<u>12,911</u>	<u>26,198</u>	<u>179,767</u>
<u>\$ 29,488</u>	<u>\$ -</u>	<u>\$ 3,106</u>	<u>\$ 6,201</u>	<u>\$ 11,648</u>	<u>\$ 23,326</u>	<u>\$ 156,089</u>

**HOPE TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended March 31, 2008**

<b>REVENUES</b>	<b>ORIGINAL BUDGET</b>	<b>AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE WITH AMENDED BUDGET</b>
Taxes and Penalties				
Property Taxes			\$ 89,827	
Trailer Park Fees			121	
Total Taxes and Penalties	\$ 84,120	\$ 84,120	89,948	\$ 5,828
Licenses and Permits				
Zoning Hearings and Permits			2,100	
Total Licenses and Permits	4,000	4,000	2,100	(1,900)
State Grants				
State Revenue Sharing:				
Sales Tax			224,477	
Other			3,849	
Total State Grants	228,800	228,800	228,326	(474)
Charges for Services	265	265	761	496
Interest and Rentals				
Interest			8,311	
Rentals			1,889	
Total Interest and Rentals	5,000	5,000	10,200	5,200
Other Revenue				
Special Assessments			4,820	
Refunds and Rebates			40,097	
Miscellaneous			6,213	
Total Other Revenue	16,290	16,290	51,130	34,840
Total Revenues	338,475	338,475	382,465	43,990

**HOPE TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)**  
**For the Year Ended March 31, 2008**

<b>EXPENDITURES</b>	<b>ORIGINAL BUDGET</b>	<b>AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE WITH AMENDED BUDGET</b>
<b>Legislative:</b>				
Township Board:				
Salaries			11,550	
Social Security			884	
Retirement			1,768	
Fringes			675	
Printing and Publishing			291	
Memberships and Conferences			1,961	
Community Promotions			160	
Miscellaneous			951	
<b>Total Legislative</b>	<b>32,650</b>	<b>29,650</b>	<b>18,240</b>	<b>11,410</b>
<b>General Government:</b>				
Supervisor:				
Salary			15,000	
Social Security			1,147	
Retirement			4,481	
Fringe Benefits			262	
Transportation			138	
Memberships and Conferences			225	
<b>Total Supervisor</b>	<b>23,120</b>	<b>23,120</b>	<b>21,253</b>	<b>1,867</b>
<b>Elections:</b>				
Wages			1,609	
Social Security			4	
Fringe Benefits			11	
Repairs and Maintenance			580	
Miscellaneous			40	
Capital Outlay			1,423	
<b>Total Elections</b>	<b>4,910</b>	<b>4,910</b>	<b>3,667</b>	<b>1,243</b>
<b>Assessor:</b>				
Salary			12,952	
Other Wages			14,965	
Social Security			2,135	
Fringe Benefits			718	
Transportation			177	
Memberships and Conferences			795	
Miscellaneous			350	
<b>Total Assessor</b>	<b>32,402</b>	<b>32,402</b>	<b>32,092</b>	<b>310</b>

**HOPE TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)**  
**For the Year Ended March 31, 2008**

<b>EXPENDITURES (Continued)</b>	<b>ORIGINAL BUDGET</b>	<b>AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE WITH AMENDED BUDGET</b>
<b>General Government (Continued)</b>				
Attorney:				
Contracted Services			<u>1,125</u>	
Total Attorney	10,000	3,000	<u>1,125</u>	1,875
Clerk:				
Salary			22,560	
Other Wages			10,245	
Social Security			2,510	
Retirement			3,623	
Fringe Benefits			801	
Memberships and Conferences			1,927	
Transportation			<u>132</u>	
Total Clerk	43,410	43,410	<u>41,798</u>	1,612
Audit:				
Contracted Services			<u>7,450</u>	
Total Audit	7,500	7,500	<u>7,450</u>	50
Board of Review:				
Per Diem and Fees			1,105	
Social Security			85	
Printing and Publishing			<u>238</u>	
Total Board of Review	2,530	2,530	<u>1,428</u>	1,102
Treasurer:				
Salary			26,000	
Other Wages			1,214	
Social Security			2,082	
Retirement			4,170	
Fringe Benefits			567	
Transportation			10	
Memberships and Conferences			10	
Miscellaneous			<u>30</u>	
Total Treasurer	36,530	36,530	<u>34,083</u>	2,447



**HOPE TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)**  
**For the Year Ended March 31, 2008**

<u>EXPENDITURES (Continued)</u>	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
<b>General Government (Continued):</b>				
Data Processing:				
Supplies			2,050	
Maintenance and Repairs			9,116	
Total Data Processing	23,500	23,500	11,166	12,334
Township Hall:				
Salaries			4,921	
Social Security			376	
Fringe Benefits			128	
Supplies and Postage			13,992	
Fuel and Gas			1,779	
Communications			2,680	
Transportation			16	
Utilities			3,491	
Repairs and Maintenance			9,591	
Capital Outlay			6,376	
Total Township Hall	46,510	46,510	43,350	3,160
Total General Government	230,412	223,412	197,412	26,000
<b>Public Safety:</b>				
Planning and Zoning:				
Zoning and Board Wages			1,278	
Other Wages			120	
Social Security			107	
Fringe Benefits			9	
Communications			902	
Attorney Fees			2,218	
Contracted Services			21,800	
Memberships and Conferences			1,410	
Transportation			164	
Printing and Publishing			238	
Miscellaneous			90	
Total Planning and Zoning	68,000	47,778	28,336	19,442
Total Public Safety	68,000	47,778	28,336	19,442

**HOPE TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)**  
**For the Year Ended March 31, 2008**

<b>EXPENDITURES (Continued)</b>	<b>ORIGINAL BUDGET</b>	<b>AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE WITH AMENDED BUDGET</b>
<b>Public Works:</b>				
Street Lighting:				
Utilities			<u>5,238</u>	
Total Street Lighting	6,000	6,000	<u>5,238</u>	762
Sanitary Landfill and Recycling:				
Contracted Services			<u>2,504</u>	
Recycling			<u>6,080</u>	
Total Sanitary Landfill and Recycling	7,100	10,100	<u>8,584</u>	1,516
Special Assessment:				
Public Works Special Assessment			<u>26,033</u>	
Total Special Assessment	<u>35,000</u>	<u>58,000</u>	<u>26,033</u>	<u>31,967</u>
Total Public Works	<u>48,100</u>	<u>74,100</u>	<u>39,855</u>	<u>34,245</u>
<b>Health and Welfare</b>				
Green Gables:				
Contracted Services			<u>3,000</u>	
Total Green Gables	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	-
Total Health and Welfare	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	-
<b>Recreation and Cultural:</b>				
Parks:				
Salaries			<u>2,547</u>	
Social Security			<u>195</u>	
Maintenance and Repairs			<u>2,967</u>	
Total Parks	9,250	9,250	<u>5,709</u>	3,541
YMCA:				
Contracted Services			<u>1,000</u>	
Total YMCA	1,000	1,000	<u>1,000</u>	-
Bernard Museum:				
Contracted Services			<u>1,000</u>	
Total Bernard Museum	1,000	1,000	<u>1,000</u>	-

**HOPE TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)**  
**For the Year Ended March 31, 2008**

<b>EXPENDITURES (Continued)</b>	<b>ORIGINAL BUDGET</b>	<b>AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE WITH AMENDED BUDGET</b>
<b>Recreation and Cultural (Continued):</b>				
Library:				
Wages			420	
Social Security			32	
Contracted Services			31,800	
Total Library	<u>32,455</u>	<u>32,455</u>	<u>32,252</u>	<u>203</u>
Total Recreation and Cultural	<u>43,705</u>	<u>43,705</u>	<u>39,961</u>	<u>3,744</u>
<b>Other:</b>				
Insurance and Bonds				
Total Other	<u>17,000</u>	<u>17,000</u>	<u>14,334</u>	<u>2,666</u>
Total Expenditures	<u>442,867</u>	<u>438,645</u>	<u>341,138</u>	<u>97,507</u>
Excess of Revenues Over Expenditures	<u>(104,392)</u>	<u>(100,170)</u>	<u>41,327</u>	<u>141,497</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds From Sale of Fixed Assets	-	-	-	-
Operating Transfers In	15,000	15,000	-	(15,000)
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>(4,222)</u>	<u>(4,222)</u>
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>15,000</u>	<u>(4,222)</u>	<u>(19,222)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(89,392)</u>	<u>(85,170)</u>	<u>37,105</u>	<u>122,275</u>
Fund Balance-April 1, 2007	<u>153,170</u>	<u>153,170</u>	<u>153,170</u>	<u>-</u>
Fund Balance-March 31, 2008	<u>\$ 63,778</u>	<u>\$ 68,000</u>	<u>\$ 190,275</u>	<u>\$ 122,275</u>



WALKER, FLUKE & SHELDON, PLC

CERTIFIED PUBLIC ACCOUNTANTS

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To the Township Board  
Hope Township  
Barry County, Michigan

In planning and performing our audit of the financial statements of Hope Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Hope Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses.

- The Township does not have the technical expertise to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to record revenue and expenditure accruals, changes in capital assets, and to present required financial statement disclosures. Currently, the Township contracts with Walker, Fluke & Sheldon, PLC to prepare the financial statements and assist with accrual entries.

This communication is intended solely for the information and use of management, the board of trustees of Hope Township and the State of Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Hastings, MI  
May 29, 2008

*Walker, Fluke & Sheldon, PLC*